United Nations A/72/497

General Assembly

Distr.: General
29 September 2017

Original: English

Seventy-second session
Agenda items 135 and 136

Programme budget for the biennium 2016-2017

Proposed programme budget for the biennium 2018-2019

Limited budgetary discretion

Report of the Secretary-General*

Summary

The General Assembly, in section III of its resolution 60/283, decided to authorize the Secretary-General, on an experimental basis, a limited discretion for budgetary implementation for the bienniums 2006-2007 and 2008-2009, to enter into commitments up to $20 million in each biennium for positions and non-post requirements for the purpose of meeting the evolving needs of the Organization in attaining its mandated programmes and activities. The utilization of authorization would be exercised with the prior concurrence of the Advisory Committee on Administrative and Budgetary Questions when the total amount utilized exceeded $6 million per biennium. In accordance with the provisions of section III, paragraph 8, of that resolution, it was expected that such discretion would be implemented in accordance with a number of defined principles.

By section III of its resolution 64/260, section I of its resolution 66/258 and resolution 68/246, and section II of its resolution 70/248 A, the General Assembly extended those arrangements to the bienniums 2010-2011, 2012-2013, 2014-2015 and 2016-2017 following its consideration of the reports of the Secretary-General on limited budgetary discretion contained in documents A/64/562, A/66/570, A/68/490 and A/70/396, and the related reports of the Advisory Committee contained in documents A/64/7/Add.18, A/66/7/Add.18, A/68/7/Add.9 and A/70/7/Add.5.

The Secretary-General has made further recommendations regarding budgetary discretion mechanisms in the context of his management reform proposals. Those further proposals, if approved by the General Assembly, would become effective for the biennium 2018-2019. The proposal regarding the continuation of the discretionary mechanism for the biennium 2018-2019 would be subject to the Assembly's decision on the management reform proposals.

* The present report is submitted concurrently with the Secretary-General's reports on reform.

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I. Introduction

1. Following the adoption of the 2005 World Summit Outcome (resolution 60/1) and the reaffirmation by the General Assembly of the role of the Secretary-General as the chief administrative officer of the Organization, in accordance with Article 97 of the Charter of the United Nations, the Assembly requested him to make proposals for its consideration on the conditions and measures necessary for him to effectively carry out his managerial responsibilities. A number of reform proposals had been put forward for consideration by the Assembly, including proposals to make more efficient use of the financial and human resources available to the Organization, and thus better comply with its principles, objectives and mandates.

2. Subsequently, in paragraph 11 of its resolution 60/246, the General Assembly recognized the need for limited discretion in budgetary implementation for the Secretary-General within defined parameters to be agreed by the Assembly along with clear accountability mechanisms for its use. In that regard, the Assembly decided, in section III of its resolution 60/283, to authorize the Secretary-General, on an experimental basis, a limited discretion for budgetary implementation for the bienniums 2006-2007 and 2008-2009, to enter into commitments up to $20 million in each biennium for positions and non-post requirements for the purpose of meeting the evolving needs of the Organization in attaining its mandated programmes and activities, subject to defined principles as articulated in section III, paragraph 8, of the same resolution. The discretion is limited to a total amount of $6 million per biennium under the authority of the Secretary-General; any amounts in excess of that level require submission to and approval by the Advisory Committee on Administrative and Budgetary Questions. The Assembly extended those arrangements for the bienniums 2010-2011, 2012-2013, 2014-2015 and 2016-2017 by its resolutions 64/260, 66/258, 68/246 and 70/248 A. The experiment was utilized by the Secretary-General over the course of the bienniums 2006-2007, 2008-2009 and 2010-2011, and most recently in the current biennium, 2016-2017, and its use was reported to the Assembly through the Advisory Committee in the context of the performance reports for the prior periods, as requested by the Assembly in section III, paragraph 9, of its resolution 60/283.

3. Pursuant to paragraph 10 of resolution 60/283, the Secretary-General reported in December 2009 on the limited budgetary discretion and recommended that consideration be given to the continuation of the limited discretion provision as an established procedure, with some modifications to the levels of the discretion (see A/64/562). Specifically, it was proposed that the amount of the discretion be increased to $30 million (from $20 million) and that the amount beyond which the prior concurrence of the Advisory Committee must be sought be increased to $10 million per biennium (from $6 million per biennium).

4. In its report on limited budgetary discretion (A/64/7/Add.18), the Advisory Committee noted that the discretion had been authorized by the General Assembly on an experimental basis and that its formal establishment as a mechanism, as requested by the Secretary-General, was a policy decision to be made by the Member States. The Committee did not object to the continuation of the current arrangements for the exercise of the limited discretionary authority by the Secretary-General for the biennium 2010-2011 and recommended that the Secretary-General be requested to submit a comprehensive report to the Assembly at its sixty-sixth session that would fully address the requests made in section III, paragraph 10 (a) to (d), of resolution 60/283. In section III, paragraph 2, of its resolution 64/260, the Assembly endorsed the conclusions and recommendations contained in the report of the Committee.

5. Pursuant to section III, paragraph 2, of resolution 64/260, the Secretary-General submitted to the General Assembly in November 2011 a report on limited budgetary discretion and recommended continuation of the limited discretion provision as an established procedure, with some modifications to the levels of the discretion (see A/66/570). Specifically, it was proposed that: (a) the amount of the discretion be increased to $30 million (from $20 million); (b) the amount beyond which the prior concurrence of the Advisory Committee must be sought be revised from $6 million per biennium to $6 million per year; and (c) the discretionary authority be utilized, with respect to Assembly resolutions to be implemented "within existing resources", in cases where activities are of a cross-cutting nature, affecting many budget sections, which would require an amendment to paragraph 8 (e) of section III of resolution 60/283 (see A/66/570, para. 53).

6. In its report (A/66/7/Add.18), the Advisory Committee expressed the belief that clearer criteria for determining which activities should be funded through limited budgetary discretion would ensure a more consistent approach to the utilization of the budgetary discretion, responding to changing requirements arising during the biennium. The Committee noted that the Secretary-General's proposal did not put forward any new arguments or rationale in support of the proposed modifications to the limited budgetary discretionary authority, in particular the request to increase the limit of the authority from $20 million to $30 million and the request to modify the amount to be used by the Secretary-General without prior concurrence of the Committee from $6 million per biennium to $6 million per year. The Committee pointed out that the biennial utilization pattern did not indicate that the current limit of $20 million was inadequate and recommended that the Secretary-General be requested to provide information addressing those issues to the General Assembly at its sixty-eighth session. In section I, paragraph 2, of its resolution 66/258, the Assembly endorsed the conclusions and recommendations contained in the report of the Committee.

7. On the basis of the request, the Secretary-General submitted a report to the General Assembly in September 2013 (A/68/490) and recommended that the Assembly approve continuation of the limited discretionary mechanism in the biennium 2014-2015 under the current arrangements, as set out in section III of resolution 60/283, and not pursue the modifications proposed in his previous report on limited budgetary discretion (A/66/570). The Assembly, in its resolution 68/246, took note of the Secretary-General's report and endorsed the conclusions and recommendations contained in the report of the Advisory Committee (A/68/7/Add.9), in which the Committee recommended continuation of the discretionary authority on an experimental basis for the 2014-2015 biennium and that the Assembly request the Secretary-General to provide a comprehensive report on the implementation of the experiment that included clearer criteria for determining which activities should be funded through limited budgetary discretion, to ensure a more consistent approach to the usage of the limited budgetary discretion.

8. Pursuant to resolution 68/246, the Secretary-General submitted to the General Assembly in September 2015 a report (A/70/396) in which he proposed the continuation of the discretionary mechanism in the biennium 2016-2017, under the arrangements set out in section III of resolution 60/283, with a refinement of the criteria used to define the evolving needs of the Organization. The Advisory Committee, in its related report (A/70/7/Add.5), took note of the efforts of the Secretary-General to refine the criteria and encouraged him to continue refining them while ensuring the strict application of the principles contained in resolution 60/283. The Committee was, however, not convinced that the mechanism continued to have merit, in particular when compared with other funding mechanisms, and

recommended that the Assembly authorize the mechanism's exceptional continuation for the biennium 2016-2017 only. Should the Secretary-General consider that the mechanism is required beyond that date, he should submit to the Assembly a comprehensive justification for its subsequent retention. The Assembly, in section II of its resolution 70/248 A, endorsed the Committee's recommendation.

9. On the basis of the aforementioned experience, the Secretary-General has made further recommendations regarding budgetary discretion mechanisms in the context of his management reform proposals. Those further proposals, if approved by the General Assembly, would become effective for the biennium 2018-2019. The proposal regarding continuation of the discretionary authority for the biennium 2018-2019 would be subject to the Assembly's decision on the Secretary-General's management reform proposals.

II. Purpose of limited budgetary discretion

10. The purpose of limited budgetary discretion is to enable the Secretary-General to carry out his managerial responsibilities more effectively by allowing reallocation of resources within the authorized appropriation level approved by Member States for a given biennium in order to meet evolving requirements for which resources are not otherwise available.

11. There are existing mechanisms to accommodate various requirements that may arise during programme implementation as a result of new and expanded mandates. Established mechanisms to address such requirements include requesting the General Assembly to appropriate additional resources that would represent a charge against the contingency fund where applicable. In addition, the Secretary-General is authorized, under certain conditions and within certain monetary limits, to enter into commitments for unforeseen and extraordinary activities relating to the maintenance of peace and security, commitments certified by the President of the International Court of Justice and commitments that the Secretary-General certifies are required for security measures pursuant to section XI, paragraph 6, of General Assembly resolution 59/276, without reverting to the Advisory Committee and the Assembly for approval of the required resources.

12. The application of limited budgetary discretion falls outside the parameters of funding mechanisms described in paragraph 11 above, and does not require additional funds to be made available by the General Assembly, as it entails the redistribution of resources to budget sections that would not be able to accommodate the requirements from the resources available within those sections.

13. The limited budgetary discretion is to be implemented in accordance with nine specific principles detailed in section III, paragraph 8, of General Assembly resolution 60/283, namely:

(a) The experiment would not be utilized for unforeseen and extraordinary expenses authorized in respect of the maintenance of peace and security;

(b) The experiment would not imply any changes in the human resources management policies of the Organization;

(c) The proposed programme budget would remain the principal instrument in which the Secretary-General sets out the resources and staffing requirements of the Organization, including the requirements for all reform proposals as agreed by Member States;

(d) The experiment would in no way prevent the Secretary-General from requesting additional posts during the course of the experiment;

(e) The experiment would not be implemented in pursuance of General Assembly resolutions calling for the implementation of decisions "within existing resources";

(f) The experiment would not imply any changes to the provisions guiding the use of the contingency fund;

(g) The utilization of authorization would be exercised with the prior concurrence of the Advisory Committee on Administrative and Budgetary Questions when the total amount utilized is in excess of $6 million per biennium;

(h) The experiment would not alter the priorities of the Organization as agreed by the General Assembly;

(i) The utilization of the funds provided for under the experiment would be subject to the Financial Regulations and Rules of the United Nations.

III. Utilization of limited budgetary discretion

14. Comprehensive information on the utilization of the discretionary mechanism for the bienniums 2006-2007, 2008-2009 and 2010-2011 was reported in the context of the first and second performance reports for the respective bienniums and in the reports of the Secretary-General on limited budgetary discretion that were submitted to the General Assembly at its sixty-fourth and sixty-sixth sessions (A/64/562 and A/66/570).

15. In summary, for the bienniums from 2006-2007 to 2010-2011, the discretionary mechanism was utilized for avian influenza pandemic preparedness ($5.2 million); fire safety ($3.5 million); the enterprise resource planning system ($2.8 million); human influenza pandemic preparedness ($8.6 million); the extension of the appointments of ad litem judges of the United Nations Dispute Tribunal and their support staff ($2 million); strengthening of the Administrative Law Section of the Office of Human Resources Management and the Office of Legal Affairs ($1.3 million); and reconstruction and renovation of the premises of the Economic Commission for Latin America and the Caribbean (ECLAC) in Santiago following the 2010 earthquake ($5.5 million).

16. The limited budgetary discretion mechanism makes it possible to use underexpenditure from within the authorized appropriation level to meet emerging needs of the Organization. During the biennium 2012-2013, underexpenditure was not anticipated owing, in part, to the deferral of part of the recosting requirements for posts and lower overall actual vacancy rates than budgeted. In its resolution 66/246, the General Assembly decided to defer consideration of post-related recosting for inflation and exchange rate projections for the biennium 2012-2013 to the first performance report in order to ensure that appropriation was in line with actual post-related expenditure. Following its consideration of the first performance report, the Assembly, in its resolution 67/246, decided to further defer consideration of inflation and exchange rate projections for 2013 and adjustments to standard costs relating to payroll, common staff costs and vacancy rates for the biennium 2012-2013, to the time of its consideration of the second performance report, in order to ensure that appropriation was in line with actual post-related expenditure.

17. During the biennium 2012-2013, the discretionary mechanism would have been an option to partially fund remediation work relating to the aftermath of storm Sandy. However, as no potential underexpenditure was anticipated, the Secretary-General requested an additional amount of $6.1 million to cover urgent preventive work in the basement levels of the Secretariat Building to ameliorate potential damage in the event of another flood (see A/67/748).

18. The inability to use the discretionary authority for that purpose did not have any impact on programme delivery, as the Secretary-General was able to fund the initial work in the immediate aftermath of the storm (e.g., the clean-up process) on a temporary basis from within existing allotments of the respective sections pending the additional commitment authority by the General Assembly and receipt of insurance claim settlements.

19. For the biennium 2014-2015, the limited budgetary discretionary authority was not utilized as it was deemed that no activities emerged within the principles set by the General Assembly and the refined criteria used by the Secretary-General to define the evolving needs of the Organization, as reflected in section IV below.

20. During the current biennium, 2016-2017, the limited budgetary discretionary authority was utilized in support of the Secretary-General's strategy to improve the Organization's system-wide approach to preventing and responding to sexual exploitation and abuse, as reflected in his report entitled "Special measures for protection from sexual exploitation and abuse: a new approach" (A/71/818 and Corr.1 and Add.1), that was subsequently approved by the General Assembly in its resolution 71/297.

21. In support of the aforementioned strategy, an amount of $455,300 under the programme budget for the biennium 2016-2017 was used to cover the costs of four temporary positions (1 Victims' Rights Advocate (Assistant Secretary-General), 1 Human Rights Officer (P-4), 1 Political Affairs Officer (P-3) and 1 Administrative Assistant (General Service (Other level)) in the Office of the Victims' Rights Advocate, and the related non-post costs for the period from 1 July 2017 to 31 December 2017. The requirements were funded through the utilization of underexpenditures identified under section 3, Political affairs, special political missions.

22. The table below provides a summary of the utilization of the discretionary authority from 2006 to the present.

Utilization of the limited budgetary discretionary authority from 2006-2007 to 2016-2017

(United States dollars)

Use[a]	*2006-2007*[b, c]	*2008-2009*[d]	*2010-2011*[e]	*2012-2013 2014-2015*	*2016-2017*	*Total*
Avian influenza pandemic preparedness	5 283 400	–	–	–	–	5 283 400
Human influenza pandemic preparedness	–	8 556 100	–	–	–	8 556 100
Enterprise resource planning project	–	2 764 000	–	–	–	2 764 000
Fire safety at United Nations Headquarters	3 500 000	–	–	–	–	3 500 000
Strengthening of the Office of Legal Affairs	–	–	826 600	–	–	826 600
Dispute Tribunal	–	–	2 038 200	–	–	2 038 200
Strengthening of the Administrative Law Section in the Office of Human Resources Management	–	–	518 900	–	–	518 900
Reconstruction of ECLAC premises[f]	–	–	5 522 900	–	–	5 522 900
Special measures for protection from sexual exploitation and abuse	–	–	–	–	455 300	455 300
Total	**8 783 400**	**11 320 100**	**8 906 600**	**–**	**455 300**	**29 465 400**

(Footnotes on following page)

(Footnotes to previous table)

[a] The requirements have been funded through the utilization of savings under various programme budget sections.
[b] No use of the limited budgetary discretion was made in 2006 (see A/64/562, para. 8).
[c] See A/64/562, para. 9.
[d] See A/64/545, para. 28, and General Assembly resolution 63/262, sect. II, paras. 18-20.
[e] See A/66/578, paras. 37-45.
[f] Does not reflect insurance reimbursements of $1,785,600 that were redistributed back to releasing sections.

IV. Criteria used by the Secretary-General to define the evolving needs of the Organization

23. On the basis of an analysis of the experience gained during the bienniums 2006-2007, 2008-2009, 2010-2011 and 2016-2017, and in line with the nine principles detailed in section III, paragraph 8, of General Assembly resolution 60/283 (see para. 13 above), the refined criteria used to define the evolving needs of the Organization in the context of limited budgetary discretion are the following:

(a) Requirements to overcome unforeseen obstacles to fully implement existing mandates;

(b) Requirements following natural or man-made disasters and crises to enable the resumption of operations in a safe and secure environment;

(c) The requirements included in (a) and (b) above cannot be funded within the respective budget section;

(d) The requirements are of a one-time nature (specific to the current biennium). If the requirements are of a continuing nature and would continue into a subsequent biennium, provisions would initially be made under the discretionary authority and the continuing costs regularized in budgetary proposals for subsequent periods.

24. In the event that a proposed activity falls within the principles set by the General Assembly in section II of its resolution 60/283 (detailed in para. 13 above), and the updated criteria established by the Secretary-General (see para. 23 above) to define evolving needs, a detailed review of the overall post and non-post expenditure performance is undertaken to determine whether the funds can be released through the discretionary mechanism to support the activity. The condition for use of the discretionary authority would be a projection of underexpenditure for the respective biennium. Funds are redeployed only from those sections that project underexpenditure due to higher-than-budgeted vacancy rates, or other reductions in planned requirements, while fully implementing the respective mandates.

V. Conclusions and recommendations

25. Pending the review by the General Assembly of the Secretary-General's management reform proposals, in particular the recommendations regarding budgetary discretion mechanisms, the Secretary-General's proposal that the discretionary mechanism be continued for the biennium 2018-2019 would be subject to the Assembly's decision on the management reform proposals.

VI. Action to be taken by the General Assembly

26. **The General Assembly is requested:**

(a) **To take note of the present report;**

(b) **To approve the proposal for the continuation of the limited discretionary mechanism in the biennium 2018-2019 under the current arrangements, as set out in section III of resolution 60/283, subject to the Assembly's decision on the management reform proposals, in particular on the budgetary discretion mechanisms.**